Executive Benefits Survey
2021

A comprehensive review of benefits offered to senior leaders across Corporate America
Welcome to our 20th Executive Benefits Survey. Over 30 years ago, Ayco began surveying our clients across Corporate America to uncover trends and insights on the common incentives offered to senior leaders. Our inaugural survey was published in 1993, and we've fielded regular surveys in the decades since to create a benchmark for the ever-changing landscape of select executive benefits, perquisites, voluntary broad-based benefits and the associated tax practices.

Drawing on the power of Ayco’s wide-reaching corporate relationships throughout various industry segments, we are able to compile market data from a variety of respondents including large, small, public, private, not-for-profit and foreign-owned companies.

The information included in Ayco’s Executive Benefits Survey far exceeds the information available through a company’s publicly disclosed proxy statement, which is limited to only the five Named Executive Officers (CEO, CFO and the three highest-compensated executive officers) of publicly traded companies. Our survey includes data from public and private companies across three categories of executives (CEO, Senior Executives and Other Executives). Ayco does not provide guidelines on the classification of Senior Executives and Other Executives, leaving each company to define these categories at their own discretion.

As America emerges from the COVID-19 pandemic, a new paradigm is emerging for the role employers play in the lives of their workforce, in our communities and society at large. The accompanying heightened focus on company culture, ESG and DEI are all contributing to increased responsibilities and expectations of executives. Yet remarkably, even despite a worldwide pandemic and continued shareholder scrutiny, the results of our survey show little has changed when it comes to executive benefits offerings. This is true whether comparing the results to our last survey in 2019 or surveys we have completed over the last 20 years—and the conclusion is backed up by the ever-changing list of participants in our survey (over half of this year’s participants did not participate in our 2019 or 2017 surveys). For HR leaders and board compensation committees focused on attracting and retaining top talent, it is clear benefits and perquisites still hold an important place in a competitive executive compensation package.

Thank you to all participants who took the time to help us create this valuable snapshot of the current benefits and perquisite landscape.

Of the companies that participated in our survey:

- **6%** added one or more executive benefits
- **5%** eliminated one or more executive benefits
- **7%** provided no special benefits to their CEO, beyond those offered to senior or other executives

**EXECUTIVE BENEFITS**

- **24%** added one or more broad-based benefits
- **2%** eliminated one or more broad-based benefits

**BROAD-BASED BENEFITS**

Most common additions:
- Mental health resources, elder/childcare support and ID theft protection

BENEFIT TRENDS SNAPSHOT
Participant Overview
Representatives from both large and small companies, including several foreign-owned and private companies, completed Ayco’s 2021 Executive Benefits Survey.

<table>
<thead>
<tr>
<th>261 participants</th>
<th>34% of the S&amp;P 100®</th>
<th>31% of the Fortune 200</th>
<th>23% of the S&amp;P 500®</th>
</tr>
</thead>
</table>

MEDIAN CLASSIFICATION OF EXECUTIVES

<table>
<thead>
<tr>
<th>10 Senior Executives</th>
<th>(including 11 companies with over 100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 Other Executives</td>
<td>(including 9 companies with 500+ and 5 with 1,000+)</td>
</tr>
</tbody>
</table>

INDUSTRY BREAKDOWN

<table>
<thead>
<tr>
<th>59 Financial</th>
<th>45 Natural Resources</th>
<th>5 Public Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>53 Industrial</td>
<td>22 Healthcare</td>
<td>4 Real Estate</td>
</tr>
<tr>
<td>50 Consumer</td>
<td>22 Technology, Media, &amp; Telecom</td>
<td>1 Government &amp; Agencies</td>
</tr>
</tbody>
</table>
Survey Results

Participating organizations were asked to identify the executive benefits they offer across three common categories: physical and fiscal fitness, personal, and transportation. The breakdown in these charts reflects the benefits offered to different types of executives according to each company’s self-reported classification.

**Physical and Fiscal Fitness Benefits**

- **Financial Counseling Services**
  - CEO: 65%
  - Senior Executives: 67%
  - Other Executives: 39%

- **Executive Physical Exam**
  - CEO: 65%
  - Senior Executives: 67%
  - Other Executives: 38%

- **Tax Preparation Services**
  - CEO: 51%
  - Senior Executives: 54%
  - Other Executives: 24%

- **Executive Medical Coverage**
  - CEO: 30%
  - Senior Executives: 30%
  - Other Executives: 9%

**Personal Executive Benefits**

- **Executive Long-Term Disability**
  - CEO: 30%
  - Senior Executives: 32%
  - Other Executives: 22%

- **Executive Life Insurance**
  - CEO: 30%
  - Senior Executives: 30%
  - Other Executives: 18%

- **Home Security**
  - CEO: 19%
  - Senior Executives: 19%
  - Other Executives: 9%

- **Excess Liability Insurance**
  - CEO: 16%
  - Senior Executives: 17%
  - Other Executives: 11%

- **Country Club Membership/Dues**
  - CEO: 11%
  - Senior Executives: 6%
  - Other Executives: 5%

- **Dining or Luncheon Club**
  - CEO: 11%
  - Senior Executives: 8%
  - Other Executives: 7%

- **Cyber Security Protection**
  - CEO: 7%
  - Senior Executives: 7%
  - Other Executives: 3%

**Additional Responses Included:**
Long-term care, concierge medical service, accidental death & disability insurance
TRANSPORTATION BENEFITS

Allowances

In place of providing a specific benefit, some companies choose to provide a cash amount to executives that can be used for a designated purpose at their own discretion. We asked companies if they provide a cash allowance for perquisites and cars, and if so, the dollar amount for each specified category of executive.

<table>
<thead>
<tr>
<th>PERQUISITE ALLOWANCE</th>
<th>CAR ALLOWANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Providing Allowance</td>
<td>% Providing Allowance</td>
</tr>
<tr>
<td>Average Annual Allowance</td>
<td>Average Annual Allowance</td>
</tr>
<tr>
<td>Median Allowance</td>
<td>Median Allowance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CEO</th>
<th>Senior Executives</th>
<th>Other Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>$28,942</td>
<td>$16,402</td>
<td>$11,064</td>
</tr>
<tr>
<td>$24,000</td>
<td>$15,000</td>
<td>$9,750</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CEO</th>
<th>Senior Executives</th>
<th>Other Executives</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>16%</td>
<td>14%</td>
</tr>
<tr>
<td>$20,784</td>
<td>$16,691</td>
<td>$12,472</td>
</tr>
<tr>
<td>$18,000</td>
<td>$13,680</td>
<td>$10,800</td>
</tr>
</tbody>
</table>
Tax Treatment

As a general rule, the cost of providing executive perquisites results in taxable income to the executive that is deductible to the company. However, special rules govern the personal use of corporate aircraft and a company car. The value of these perquisites is reported as income on a Form W-2 and is subject to tax withholding. For IRS guidance on when to impute, see Announcement 85-113. In general, the value of valid business travel does not need to be imputed, while personal use does. If travel is associated with bona fide security concerns, a portion or all of the value may be excluded from income. However, the entire incremental cost to the company needs to be disclosed in the proxy for benefits provided to Named Executive Officers.

It is no surprise that a limited number of companies reimburse or gross-up the imputed income associated with select executive perquisites, particularly for public companies given the scrutiny on such practices by shareholders and corporate governance groups.

66 Companies Gross-Up
At Least One Benefit:
- 18 privately held
- 8 foreign-owned
- 2 not-for-profit

*of companies who offer the benefit
## Imputing Income for Executive Benefits

Not all companies reported whether they impute income for each executive perquisite offered or when they impute. The below breakdown reflects only respondents that did provide this information.

<table>
<thead>
<tr>
<th>Executive Benefit</th>
<th>Annually</th>
<th>Semi-Annually or Quarterly</th>
<th>Monthly or Pay Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyber Security Protection</td>
<td>75%</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>Executive Physical Exam</td>
<td>73%</td>
<td></td>
<td>18%</td>
</tr>
<tr>
<td>Excess Liability Insurance</td>
<td>63%</td>
<td></td>
<td>37%</td>
</tr>
<tr>
<td>Home Security</td>
<td>61%</td>
<td></td>
<td>30%</td>
</tr>
<tr>
<td>Dining or Luncheon Club</td>
<td>55%</td>
<td></td>
<td>36%</td>
</tr>
<tr>
<td>Company Aircraft (Personal Use)</td>
<td>53%</td>
<td></td>
<td>21%</td>
</tr>
<tr>
<td>First-Class Air Travel</td>
<td>50%</td>
<td></td>
<td>50%</td>
</tr>
<tr>
<td>Tax Preparation Services</td>
<td>49%</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>Company Car</td>
<td>49%</td>
<td></td>
<td>45%</td>
</tr>
<tr>
<td>Financial Counseling Services</td>
<td>47%</td>
<td></td>
<td>25%</td>
</tr>
<tr>
<td>Country Club Membership/Dues</td>
<td>43%</td>
<td></td>
<td>43%</td>
</tr>
<tr>
<td>Spouse Travel</td>
<td>43%</td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>Chauffeur Service</td>
<td>42%</td>
<td></td>
<td>21%</td>
</tr>
<tr>
<td>Perquisite Allowance</td>
<td>41%</td>
<td></td>
<td>47%</td>
</tr>
<tr>
<td>Executive Life Insurance</td>
<td>41%</td>
<td></td>
<td>54%</td>
</tr>
<tr>
<td>Executive Long-Term Disability</td>
<td>35%</td>
<td></td>
<td>62%</td>
</tr>
<tr>
<td>Executive Medical Coverage</td>
<td>31%</td>
<td></td>
<td>69%</td>
</tr>
<tr>
<td>Car Allowance</td>
<td>13%</td>
<td></td>
<td>80%</td>
</tr>
</tbody>
</table>

*Not all companies reported whether they impute income for each executive perquisite offered or when they impute. The below breakdown reflects only respondents that did provide this information.*
Realizing Executive Benefits’ Full Value

As the war for talent intensifies amid what the media is calling “The Great Resignation,” HR leaders and boards are increasingly focused on using benefit programs to support the recruitment and retention of top executives. Success hinges on how well a company’s executives understand and appreciate the full value of what is available to them, especially while the landscape of offerings remains static.

It’s an uphill battle for HR leaders. Educating executives on their complex packages takes time, as does maximizing the value of interconnected benefit and compensation options with serious tax implications. For a busy executive, every minute spent on personal finances means less time to focus on the business.

The vast majority of respondents to our survey reported using email (90%) and brochures (70%) to communicate their benefits, but these passive methods rely on executives to take action on their own. Seeking higher returns on their offerings, HR leaders and boards are also turning to comprehensive financial management benefits like Ayco, which take the onus off of the executive. In partnership with HR teams, Ayco helps ensure executives are able to maximize the financial opportunities offered by their employer.

**HOW COMPANIES COMMUNICATE BENEFITS TO EXECUTIVES**

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email</td>
<td>90%</td>
</tr>
<tr>
<td>Benefits Brochure or Other Printed Materials</td>
<td>70%</td>
</tr>
<tr>
<td>Meeting or Live Presentation With HR</td>
<td>60%</td>
</tr>
<tr>
<td>Third-party/Provider Communications</td>
<td>53%</td>
</tr>
<tr>
<td>Webinar/Recorded Presentation or Call</td>
<td>42%</td>
</tr>
<tr>
<td>Other</td>
<td>9%</td>
</tr>
</tbody>
</table>

**Additional Responses Included:**
Company webpage, orientation
Voluntary Broad-Based Benefits

The most common (and usually appreciated) broad-based voluntary benefits support employees’ physical and fiscal health. These benefits often include an employee’s entire family (even their pet).

Financial education benefits saw one of the biggest increases among broad-based benefits from our 2019 survey, with an 11% jump in companies offering financial education to all employees. Though a few companies removed pet insurance from their offerings, overall the number of companies offering pet insurance continues to rise. Voluntary benefits were generally reported as paid for by employees or executives, rather than the company. Financial education and financial wellness/counseling benefits were the notable exceptions. When it comes to financial education, 88% reported as company-paid, another 7% subsidized by the company and only 5% paid for by the employee/executive. As to financial wellness/counseling, 83% reported as company-paid, another 11% subsidized by the company and only 6% paid for by the employee/executive.

Additional Responses Included:
Fitness program/gym reimbursement, tuition reimbursement, mental health resources/employee assistance programs
A Decade of Change (or Lack Thereof)

Despite greater shareholder focus on executive pay practices, enhanced SEC disclosures rules and the increased influence of corporate governance groups, the executive benefits and perquisites landscape has held mostly steady over the last 10 years. In this year’s survey, only three executive benefits and perquisites for Senior Executives varied more than 3% from their 10-year average and median: Country club membership/dues are down by 5% and 6%, respectively; executive physical exams are up 6% and 8%; tax preparation services are up 6% and 7%.

While the benefits landscape may have seen little change, adoption rates of voluntary benefits are on the rise. The below charts compare the adoption rates from 2011 and 2021 of select benefits and perquisites for Senior Executives and voluntary broad-based benefits. Companies have been realizing value from a diverse menu of voluntary broad-based benefits in their recruitment and retention efforts, particularly as the talent pool becomes more diverse. It is likely no surprise there’s been significant increases in all categories over the last decade, other than long-term care insurance.

EXECUTIVE PERQUISITES ADOPTION RATES

<table>
<thead>
<tr>
<th>Benefit</th>
<th>2011</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country Club Membership/Dues</td>
<td>6%</td>
<td>15%</td>
</tr>
<tr>
<td>Executive Life Insurance</td>
<td>30%</td>
<td>31%</td>
</tr>
<tr>
<td>Executive Physical Exam</td>
<td>29%</td>
<td>33%</td>
</tr>
<tr>
<td>Financial Counseling Services</td>
<td>18%</td>
<td>17%</td>
</tr>
<tr>
<td>Company Car or Allowance</td>
<td>9%</td>
<td>7%</td>
</tr>
</tbody>
</table>

VOLUNTARY BENEFITS ADOPTION RATES

<table>
<thead>
<tr>
<th>Benefit</th>
<th>2011</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Legal Plan</td>
<td>27%</td>
<td>62%</td>
</tr>
<tr>
<td>Homeowners/Auto Insurance</td>
<td>29%</td>
<td>40%</td>
</tr>
<tr>
<td>Long-Term Care Insurance</td>
<td>32%</td>
<td>37%</td>
</tr>
<tr>
<td>Pet Insurance</td>
<td>17%</td>
<td>46%</td>
</tr>
<tr>
<td>Child/Elder Care</td>
<td>4%</td>
<td>34%</td>
</tr>
</tbody>
</table>

PROXY DISCLOSURE RULES FOR EXECUTIVE PERQUISITES

SEC proxy disclosure rules require that perquisites provided to Named Executive Officers be valued based on the incremental cost to the company and reported in their proxy statement under the All Other Compensation column of the Summary Compensation Table. Companies must disclose perquisites provided to a Named Executive Officer if the total value exceeds $10,000 in the aggregate. If the value of a single perquisite exceeds the greater of $25,000 or 10% of the total value of all perquisites reported, then its type and amount must be identified in a footnote. A reportable perquisite is one that confers a direct or indirect benefit with a personal aspect, whether it’s provided for a business reason or for the convenience of the company unless the perquisite is generally available on a non-discriminatory basis to all employees. An item is not a perquisite or personal benefit if it is integrally and directly related to the performance of the executive’s duties. It’s important to get these disclosures right, as evidenced by recent SEC enforcement actions that have resulted in significant penalties to companies stemming from improper or insufficient disclosure.
Participants

Survey participants are listed below. Additionally, 76 participants requested their company or organization name not be disclosed.

3M Company
Air Liquide S.A.
Alliance Data Systems Corporation
The Allstate Corporation
American Electric Power Company, Inc.
American International Group, Inc.
Ameriprise Financial, Inc.
AmerisourceBergen Corporation
Amgen Inc.
Amicus Therapeutics, Inc.
Anthem, Inc.
Apache Corporation
Arch Resources, Inc.
Archer-Daniels-Midland Company
Associated Banc-Corp
Atlas Air, Inc.
Automatic Data Processing, Inc.
AutoZone, Inc.
Avis Budget Group, Inc.
Ball Corporation
The Bank of New York Mellon Corporation
BancFirst Corporation
Bessemer Trust
Black Hills Corporation
Blue Cross Blue Shield of Michigan
Blue Yonder Group, Inc.
BNSF Railway Company
The Boston Beer Company, Inc.
Boston Scientific Corporation
Brattleboro Mutuals
Bryant University
BWX Technologies, Inc.
Caci International Inc.
Campbell Soup Company
Cargill, Incorporated
Catalent, Inc.
Caterpillar Inc.
CDW Corporation
Cengage Learning, Inc.
CenterPoint Energy, Inc.
Chevron Corporation
Church & Dwight Co., Inc.
Cimarex Energy Co.
CIT Group Inc.
Citrix Systems, Inc.
Cleveland-Cliffs Inc.
CNO Services LLC
Coca-Cola Bottling Company United, Inc.
Colgate-Palmolive Company
Comerica Incorporated
Conagra Brands, Inc.
ConocoPhillips
Constellation Brands, Inc.
Corning Incorporated
CSX Corporation
Curtiss-Wright Corporation
CVS Health Corporation
Delta Air Lines, Inc.
Dominion Energy, Inc.
Duke Realty Corporation
E. & J. Gallo Winery
Eastman Chemical Company
Eaton Corporation plc
Echo Global Logistics, Inc.
Ericsson
Erie Insurance Group
Exedy
Exelon Corporation
Expedia
Fifth Third Bancorp
First National Bank of Omaha
FirstGroup plc
FM Global
Ford Motor Company
Freeport-McMoRan, Inc.
GCM Grosvenor
General Dynamics Corporation
Genuine Parts Company
Global Atlantic Financial Group Ltd.
The Goodyear Tire & Rubber Company
Greenlight Capital
Hallmark Cards, Inc.
The Hanover Insurance Group, Inc.
The Hartford Financial Services Group, Inc.
Health Care Service Corporation
The Hershey Company
Hess Corporation
HollyFrontier Corporation
Horace Mann Service Corporation
HP Inc.
Hubbell Incorporated
Hunt Consolidated, Inc.
ingevity Corp
Iridium Satellite LLC
Jacobs Engineering Group Inc.
Johnson & Johnson
Kansas City Southern
Kao USA Inc.
Kellogg Company
KeyBank
Keysight Technologies
KLA Corporation
Kohl's Corporation
Krispy Kreme, Inc.
The Kroger Company
L Brands, Inc.
Land O'Lakes, Inc.
Libbey, Inc.
Liberty Mutual Insurance
Lincoln Financial Group
Linde plc
Littler Mendelson P.C.
LMl
L'Oreal USA, Inc.
Marathon Oil Corporation
Marathon Petroleum Corporation
Marriott International, Inc.
Marsh & McLennan Companies, Inc.
Massachusetts Mutual Life Insurance Company
Mastercard International Incorporated
Maximus Inc.
McKesson Corporation
Meijer Inc.
MetLife, Inc.
Mondelez International, Inc.
The Mosaic Company
Motorola Solutions, Inc.
MSA Safety Incorporated
MUFG Union Bank, N.A.
Mutual of Omaha Insurance Company
National Oilwell Varco, Inc.
NCR Corporation
Newmont
Nikola Corporation
NiSource Inc.
Novartis Services, Inc.
Novo Nordisk
nVent Electric plc
OnCor Electric Delivery Company LLC
Owens Illinois
Pacific Premier Bank
Panasonic Corporation
Penn State University
Pentair plc
Pepsi Bottling Ventures LLC
Pfizer Inc.
Phillips 66 Company
Pitney Bowes Inc.
PPG Industries, Inc.
Protective Life Corporation
Rayonier Inc.
Raytheon Technologies Corporation
Regions Financial Corporation
Reinsurance Group of America, Incorporated
Schlumberger Limited
Shape Corp.
The Sherwin-Williams Company
Southern Company
SpartanNash Company
Stanley Black & Decker, Inc.
Stellantis N.V.
Stryker Corporation
Target Corporation
Thermo Fisher Scientific Inc.
Tractor Supply Company
Travel + Leisure Co.
The Travelers Companies, Inc.
TreeHouse Foods Inc.
U.S. Bancorp
Ulta Beauty, Inc.
UMB Financial Corporation
Union Pacific Corporation
University of Phoenix
Valvoline Inc.
Verizon Communications Inc.
Vulcan Materials Company
W.W. Grainger, Inc.
Western Digital Corporation
Westinghouse Electric Company LLC
Whirlpool Corporation
Wolverine World Wide, Inc.
Xcel Energy Inc.
Ayco is an industry pioneer and preeminent leader of company-sponsored financial planning services.

We believe companies best serve their stakeholders and the greater economy when their employees’ financial lives are clear, understood and in their own control.

If you would like more information about our Executive Benefits Survey or how Ayco can help your company achieve its goals, reach out to your Ayco representative or email us at AycoCommunications@ny.email.gs.com, and a member of our team will get in contact.